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**Top purchase intention priorities of Vietnamese LCC passengers:
Expectations and satisfaction**

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Abstract

The mediating role of customer satisfaction has been widely discussed in the existing literature. However, to the best of our knowledge, there is still lack of studies focusing on the low-cost airline industry, especially in Vietnam. Therefore, this study aims at investigating factors that influence purchase intention and the mediating role of customer satisfaction in VietJet Air, in Vietnam. A quantitative research method is applied with the data being collected through an online questionnaire from three main regions in Vietnam: the North, the Center, and the South. The results indicate that customer satisfaction mediates the relationship between the independent variables (customer expectation/perceived value) and the dependent variable (purchase intention) in the case of VietJet Air in Vietnam. In general, this study not only enriches the existing literature but also might be a valuable reference to the VietJet Air's and other similar Vietnamese low cost carrier managers to consider their strategic marketing plans.

Keywords: purchase intention, Structural Equation Modeling (SEM), service quality, perceived value, customer expectation, customer satisfaction, low cost carrier, VietJet Air.

JEL: M31, Z31, Z33

1. Introduction

Service industries are playing an increasingly important role in the economy of the world and the development of countries. Modern economies are driven by service businesses operating within industries. The low cost carrier (LCC) sector has had a significant influence on the aviation industry, tourist attractions and local economy (Graham, 2014). The LCCs are not a recent phenomenon, their origins date back to the 1970s. In the academic community, however, LCCs have been receiving wider attention in recent years. The spread of LCCs originally started in US, but soon found its way to Europe and Asia. In 2011, Asia had 32% of active LCCs worldwide (Gross & Lück, 2013). Obtaining and maintaining customer satisfaction (Wu, 2014), therefore, becomes one of the biggest challenges to management in LCCs as a service industry (Kim & Lee, 2011).

The winners in today's highly competitive service markets progress by considering the way they do business, and by looking for innovative ways to serve their customers better.

Providing high quality service is the key to gaining competitive advantages, while customer satisfaction has a positive influence on the profitability of a company. Kotler (2003) stated that satisfaction is the feeling related to being happy or disappointed and that it is the result of comparing the perceived performance of a product or service with the expected service or product performance. In addition, satisfaction is known as an overall customer attitude towards a service provider (Hansemark & Albinson, 2004). It has been suggested that consumer satisfaction is linked to perceived value. Perceived value can determine how much time or money customers are willing to pay for a product or service. It may have nothing to do with the true cost of the product. It, however, relates to the internal feeling which customers have about how valuable the product or service is to them or how much they are willing to pay for it. Moreover, expectations have been found to directly affect satisfaction (Reisig & Chandek, 2001). Customers anticipate certain requirements when they use business services. By offering the highest level of service a business can recognize how to identify those expectations and meet them to the customer's satisfaction. In short, if an organization can meet the needs and satisfaction of its customers, increase the perceived value in the minds of the customers, and meet customer expectations; there will be a higher customer satisfaction in the product or service. Once customers have high satisfaction in an organization, their behavioral intention in terms of return purchase will be greater (Kim & Lee, 2011).

The current population of Viet Nam (as of Wednesday, January 27, 2016) is 94,020,675 based on the latest United Nations estimates (Worldometer 2016) scattered across an area of 330,000 square kilometers, and therefore has a large potential market for domestic air travel (Moll-de-Alba, 2016). In 2015, about 8 million foreign visitors travelled to Vietnam (Ministry of Culture, Sports and Tourism, 2016). In addition to the international market, Vietnam's domestic market also has a high potential because the surface transportation infrastructure in Vietnam is neither convenient nor competitive. It takes more than 30 hours to travel by train from Ha Noi, the capital, to Ho Chi Minh City (the two largest economic hubs in Vietnam) and travelling by other means of surface transportation (Phang & Wong, 1996; Govender, 2016) also takes a long time and is very inconvenient. Meanwhile, it only takes about two hours to travel by airplane from Ha Noi to Ho Chi Minh City (CAAV, 2012). Up to now, there are three main players in Vietnam that offer full service airlines and low-cost airlines including Vietnam Airlines, Jestar Pacific Airlines, and VietJet Air. Among those, VietJet Air is the first private airline in Vietnam licensed to operate both domestic and international flights. Specially, VietJet Air has been established as the right choice for low-

fare travelling to some of Vietnam's most famous beach and holiday destinations. However, service quality of Vietjet Air is still far behind international standards. It is very easy to find and receive complaints from customers about the airline's services in Vietnam (Skytrax, 2016). Therefore, improving the service quality in the airline industry is an imperative task in order to meet customers' satisfaction. So, how to improve the service quality of LCCs is the key question that this study aims at answering. Over time, many works have been done on the topics of LLCs service quality in the academic world but to the best of the authors' knowledge, still few studies focus in LCCs in Vietnam, especially the mediating role of customer satisfaction seems to be ignored. For these reasons, this study attempts to examine factors influencing purchase intention in a low-cost airline in Vietnam applying to VietJet Air. Furthermore, the mediating role of customer satisfaction in the relationship between customer purchase intention and its effective factors is empirically investigated. Hopefully, the results of this study can be used by the airline industry to improve its strategic marketing plans and can be used as a baseline for further researches.

2. Literature Review

This section covers the review of critical factors that affect customer purchase intention in the airline industry. A number of studies have been done before for different industries to figure out the determinants of purchase intention. Recently, the concepts of customer expectations, service quality, perceived value, and customer satisfaction have been used to explain customer purchase intention (Kotler & Keller, 2009; Teng et al., 2007). The fundamental concepts of these critical factors are discussed. Based on that, the research hypotheses are built to deal with the research problems. We first review literature related to the fundamental concepts and all the critical factors of the issue we studied in this paper.

2.1. Service Quality (SQ)

SQ is defined as the degree and path of inconsistency between a customer's perceptions and expectations (Parasuraman et al., 1985; Cronin & Taylor, 1992). The smaller the gap between a customer's expectations and perceptions as a measurement of SQ, the better the quality of service and the greater the customer expectation (Zeithaml et al., 2006). SQ is a frequently used productivity measure in several service industries including banking (Roth & Jackson, 1995; Soteriou & Stavrinides, 1997; Soteriou & Zenios, 1999; Kamakura et al., 2002; Sherman & Zhu, 2006), marketing (Ayanso & Mokaya, 2013), information systems

(Dear friends, try to get another citation, If cannot find, then delete it is ok. Thanks. Alan), maintenance (dear friends, try to get another citation, Alan), hotels (Yilmaz & Bititci, 2006), airport operations (Adler & Berechman, 2001), and airlines (dear friends, try to get another citation. If cannot find, then delete it is ok. Thanks. Alan). Expected service and perceived service are the two main factors that affect the quality of services. If the received service is higher than expectations, then customers will be very satisfied and perceive the service quality as being very good, or ideal. Likewise, if the received service is equal to expectations, then the service quality is perceived as being good or satisfactory. In contrast, if the service received is lower than expected, then the quality of the service is perceived as being poor or unsatisfactory. Quality of service will depend on how well the ability to provide services meets the needs and desires of customers.

2.2. Customer Expectation (CE)

CE is the total perceived benefits a customer expects from a company's product or service (Zeithaml et al., 1993). Customers are typically satisfied if the actual experience customers have with a product or service exceeds the expectation. If the path between experiences and expectations is not met, then they are disappointed. However, if the real experience customers have with a product or service exceeds their expectation, they are usually pleased. Olson and Dover (1976) stated that CE is the confidence of a consumer before buying a service which is used as a standard in assessing the performance of services. Past experiences, word-of-mouth and corporate promotions would all contribute to customer expectations. After receiving a service, the customer will compare that experience with the expected service. If the service received is below expectations, then the customer will not be interested again, conversely, if the service experience meets or exceeds customer expectations, the customer will consider using these providers in future. Moreover, CE is the consumer-defined probability of the occurrence of positive and negative events if the consumer engages in some behavior (Oliver, 1981). Different customers will have different expectations because different persons will have varying levels of knowledge about a product or service. Thus everyone will think about the performance of a product or service differently and also estimate the performance in different ways. It is very dangerous when the service to be offered is found to be below what the organization promises. Also the customers will criticize the existing services if the organization provides an added value service, and so their

expectations will be raised. Thus, CEs for a service are likely to rise when the service performs as promised. Expectations serve as reference points in customer's assessment of performance (Cronin & Taylor, 1992).

2.3. Perceived Value (PV)

PV is the worth of a product or service that the consumers have in their mind (Zeithaml, 1988). Most consumers are unaware of the true value of the products they buy. They simply have a feeling for how much the products are worth. It is a marketing concept that points out that the success of a product or service is largely based on whether customers believe it can satisfy their needs. The concept of PV has been discussed in previous research. PV is the value that the customers perceive to receive or experience by using a service, and it leads to a purchase intention (Bettman et al., 1998). According to Zeithaml et al., (2006), PV is defined as the consumer's evaluation of the utility of perceived benefits and perceived sacrifices. The most common definition found in service marketing literature is; the consumer's overall assessment of the utility of a product or service based on perceptions of what is received and what is given (Ulaga & Chacour, 2001). More specifically, PV can be summarized as a trade-off between perceived benefits and perceived costs (Lovelock, 2000). According to Slater and Naver (2000), product value for a consumer is created when the benefits a consumer gets from a product are greater than the long term costs a consumer is expected to pay for a product. This definition simply means that value is the result of benefits after deducting costs. In short, PV is composed of both qualitative and quantitative factors, as well as objective and subjective factors. This combination conjointly creates the consumer's buying experience (Schechter, 1984). Product value for consumers is the appraisal of perceptible and imperceptible benefits from a product or service (Nilson, 1992). Traditionally, PV is the trade-off between desirable attributes compared to sacrificial attributes (Woodruff & Gardial, 1996). Monroe (1990) stated that "Buyers perceptions of value represent a trade-off between the quality and benefits they perceive in the product relative to the sacrifice they perceive by paying the price" (p. 46).

2.4. Customer Satisfaction (CS)

CS is a measure of how products and services supplied by a company fulfill customers' expectations (Bolton and Drew, 1991). Satisfying customers is one of the main objectives of

every business. CS has been a central concept in marketing literature and is an important goal for all business activities. Oliver (1997) recognized that customer satisfaction is a major driver of customer retention and loyalty, so achieving a high level of consumer satisfaction is a key goal of practitioners. CS is a measure of how products and services supplied by a company meet or exceed customer's needs, desires or expectations. Many researchers have looked into the importance of CS. For example, Hoyer and MacInnis (2001) stated that satisfaction can be associated with feelings of acceptance, happiness, relief, excitement, and delight. Kotler (2003) explains that satisfaction is the feeling the consumer reaches when matching the path between perceived performance of a product or service with the anticipated product or service performance. If performance fails to make the path between what was expected to what is perceived, then the customer will feel disappointed or dissatisfied. If the performance is able make the path between what was expected and what is perceived then the customer will feel satisfied. In short, client happiness is the sign of whether the customer is satisfied with the product or service, or not, and it is always the most essential element for any business.

2.5.Purchase Intention (PI)

PI is the willingness of a customer to buy a certain product or a certain service in the future (Whitlark et al., 1993; Zeithaml et al., 1996). Whitlark et al., (1993) defined purchase intention as a purchase probability associated with an intention category at the percentage of individuals that will actually buy a product. Moreover, purchase intention can be defined as an individual's intention to buy a specific brand which has been chosen after certain evaluation. There are variables by which we can measure purchase intention, for instance consideration of the brand for purchasing and expecting to purchase the brand in the future (Laroche et al., 1996). According to Teng et al., (2007), evaluating purchase intention for a specific brand requires assessment of all the brands available in a market for the same service or product. It has been shown that approaches toward a specific brand have a great effect on brand purchase intention (Brown & Stayman, 1992). Tull and Hawkins (1987) defined repeat purchase as the consumers' desire to buy the same brand product continuously, whether they like this brand or not. Repeat purchasers also includes dissatisfied customers who repeat-purchase because they do not have other choices or cannot meet alternative prices. In brief, satisfaction is formed by the customers from comparisons between their pre-purchase expectations of what they would receive from a product or service and what they actually

receive. Several previous researchers have already shown the relationship between SQ and CS. If the SQ increases rapidly, the customers will be satisfied rapidly. Conversely, CS will decrease dramatically if SQ is surprisingly lower than expectations (Sharareh & Fauziah, 2012). Furthermore, many researchers believe that CS has a strong influence on customer PI. That is why, in this study, CS is considered as the mediator between independent variables (service quality, customer expectation) and the dependent variable (purchase intention).

3. Hypothesis and framework building

3.1. Hypothesized Relationship between SQ and CS

SQ is one of the most important issues in service literature (Parasuraman et al., 1985; Cronin & Taylor, 1992; Ooi et al., 2011), while CS is one of the main areas of interest in marketing, business and the academic world (Bolton & Drew, 1991; Tikkanen & Alajoutsijau, 2002). Many previous researchers have already shown relationship between SQ and CS. For example, Cronin and Taylor (1992), Rust et al., (1995), Zeithaml et al., (1996), Gabarino and Johnson (1999), Caruana et al., (2000), and Baker and Crompton (2000) have demonstrated the effect of SQ on CS. As discussed in the previously section, researchers have demonstrated that if the SQ increases, then customers will be satisfied. Conversely, CS will decrease dramatically if SQ is surprisingly lower than expectations (Sharareh & Fauziah, 2012). Therefore, in this paper it is conjectured that SQ will influence CS in the airline industry as stated in the following hypothesis:.

H1: service quality has a significantly positive influence on customer satisfaction in the airline industry

3.2. Hypothesized Relationship between CE and CS

The relationship between CE and CS has been studied in some studies. Most researchers have argued that expectations directly affect satisfaction (Reisig & Chandek, 2001). They agreed that satisfaction is formed by the customers comparing their pre-purchase expectations based on what they would receive from a product or service with what they actually received (Oliver, 1980). Customers feel less satisfied when they expect something from a company but do not get what they expected. On the other hand, if they have low expectations of a company and are pleasantly surprised, they may feel more satisfied than if they had high expectations and felt they had been let down. (Reisig & Chandek, 2001). In

addition, disconfirmation theory has proposed that satisfaction is affected by the intensity (or size) and direction (positive or negative) of the gap (disconfirmation) between expectations and perceived performance (Pieters et al., 1995). Thus, it is conjectured that CE has a significant influence on CS in the airline industry as stated in the following hypothesis:

H2: customer expectation has a significantly positive impact on customer satisfaction in the airline industry

3.3. Hypothesized Relationship between PV and CS

There is abundant evidence from literature (Cronin et al., 2000; McDougall & Levesque, 2000) to conclude that CS is influenced by PV. Woodruff (1997) argued that PV is a result of the expectations of consumers, evaluation during the transaction, and post-purchase (after-use) assessment. While CS is defined as an overall positive or negative feeling about the net value of services received from a supplier. PV represents customer cognition of the nature of relational exchanges with their suppliers, and satisfaction reflects customers' overall feeling derived from the PV. Providing value to customers continuously and more effectively than competitors is the main objective of firms who want to acquire and retain satisfied customers (Schiffman & Kanuk, 2004). Furthermore, PV is a suitable factor for measuring CS (Oliver & Swan, 1989; Yuan & Jang, 2008). Therefore, in this paper CS is hypothesized to be positively affected by PV in the airline industry as stated in the following hypothesis:

H3: perceived value has a significantly positive effect on customer satisfaction in the airline industry

3.4. Hypothesized Relationship between SQ and PI

Previous research (Rust & Oliver, 1994; Athanassopoulos, 2000; Baker and Crompton, 2000; Cronin et al., 2000; Oh, 1999; Petrick & Backman, 2001; Zeithaml et al., 1996) has studied the relationship between PI and SQ. Both SQ and PV are found to be direct antecedents of behavioral intentions (Cronin et al., 2000; Petrick & Backman, 2002; Tam, 2000; McDougall & Levesque, 2000; Dodds et al., 1991). Baker and Crompton (2000) found that perceived SQ was significant in predicting behavioral intentions. They stated that the relationship between SQ and PIs is positive and thus high SQ leads to high PIs while low SQ leads to low PI. Thus, in this paper PI is hypothesized to be positively affected by SQ in the airline industry as stated in the following hypothesis:

H4: service quality has a significantly positive related to purchase intention in the airline industry

3.5. Hypothesized Relationship between CE and PI

As discussed early, CE is among one of an important elements to predict customer purchase intention. Particularly, CE tends to increase when an organization can provide an added value service. Therefore, expectations obviously serve the reference point in customer's assessment toward a service performance (Cronin & Taylor, 1992). In this study, CE is considered the confidence of a consumer before buying a service (Olson & Dover, 1976). Good expectation in mind was hypothesized to affect CS in the previous section. Finally, this factor affects the intention to be a customer. Thus, the authors believe that CE has a strong effect on customer PI.

H5: Customer expectation has a significant influence on purchase intention in the airline industry

3.6. Hypothesized Relationship between PV and PI

The results of many researchers have found customer PV to be a major contributor of PI. Lee and Lin (2005) and Chen and Dubinsky (2003) have noted that PV and CS significantly influence customer retention, market share, and profitability. Moreover, the relationship model of price, quality and PV has mentioned that PV is an important factor in consumers' purchasing decision process, and consumers will buy a product with high PV (Dodds & Monroe, 1985). Consumer PI is derived from consumers' perceptions of benefits and values acquisition, and is an important key in predicting consumer purchase behavior. The higher is the PV, the higher is the PI (Monroe & Krishnan, 1985; Zeithaml et al. 2006). Thus, PI is hypothesized to be influenced by PV.

H6: Perceived value has a significant effect on purchase intention in the airline industry

3.7. Hypothesized Relationship between CS and PI

A number of studies has discussed the relationships between CS and PI, and also tested for positive relationships between CS and PI (Anderson et al., 1994; Cronin & Taylor, 1992; Fornell, 1992; Oliver, 1980; Oliver & Swan, 1989, Kim & Lee, 2011). Concerning the influences of satisfaction and quality on these intentions, Taylor and Baker (1994), suggested that satisfaction should be described as a moderator between SQ and PI. Many researchers believe that CS is a cause of customer PI (Cronin & Taylor, 1992; Woodside et al., 1989; Han,

2013). Furthermore, CS is known to be one of the most important issues for success in today's competitive business environment, as it affects customer retention (Ooi et al., 2011). From this evidence it can be seen that CS has a significant influence on customer PI.

H7: Customer satisfaction has a significant impact on purchase intention in the airline industry

3.8. Hypothesized Influence of SQ, CE, and PV on PI via the CS mediator

Previous sections mentioned the direct pathways among variables. So, are there any indirect pathways existing among SQ, CE, PV, CS and PI? Various studies in the past have been done to explore the mediating role of CS whereby SQ, PV and CE affect PI (Cronin et al. 2000; Chen & Dubinsky 2003). However, those works focus on many different industries like tourism or hotel service. Therefore, we proposed hypothesis 8 which are separated into three sub-hypotheses with the aim to explore the influence of SQ, CE, and PV on PI through pathways of CS.

H8a: Customer satisfaction mediates the influence of service quality on purchase intention in the airline industry

H8b: Customer expectation mediates the impact of customer expectation on purchase intention in the airline industry

H8c: Customer expectation mediates the effect of perceived value on purchase intention in the airline industry

In general, a total of eight hypotheses have been constructed in this study to express the direct and indirect relationships between the research critical factors. These direct and indirect pathways are shown in Figure 1.¹

4. Data Methodology

4.1. Data Collection and Analysis

This research used a quantitative method to analyze on the primary data to examine the relationship of the constructs. Firstly, a questionnaire was designed to elucidate the mediating role of customer satisfaction. It includes multiple items to evaluate the hypotheses proposed in the previous section. The descriptions of the survey items are shown in the appendix (Dear friends, we may provide the editor our questionnaire. What do you think? Alan). Respondents were requested to indicate their perceptions with regard to the importance of each item based

¹ Refer to Moslehpour, et al. (2017) for the figure.

on a five-point Likert scale of 1 - 5, with 1 scoring the lowest point “not important at all,” to 5 scoring the highest point “extremely important.” A better understanding of air passengers was gained by comparing the research findings with the literature review. The population for this research was air passengers from three regions of Vietnam: Ha Noi - representative of the North, Quang Ngai province - representative of the Central; and Ho Chi Minh City - the biggest city and representative of the South. The sample was collected by sending questionnaires via email and Facebook using simple random sampling (Dear friends, kindly confirm. Alan) technique (Cochran 1977). Four hundred questionnaires were sent out and, as a result, 379 responses were usable for data analysis, accounting for 94.75%.

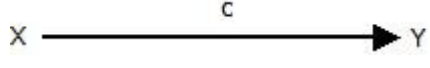
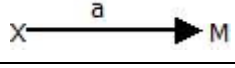
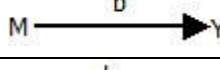
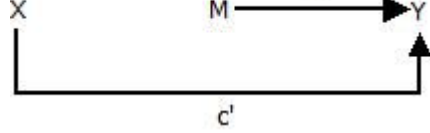
The data was processed and entered into the SPSS software to provide descriptive statistics for demographics of the sample. Thereafter, exploratory factor analysis (EFA) and Confirmatory Factor Analysis (CFA) and path analysis was used (The AMOS software) for the examination of the multi-group confirmatory factor analysis, path analysis of the hypothesized structural model and also testing the mediating role of customer satisfaction. In addition, internal consistency (Cronbach’s Alpha) was also checked to assess the validity of each construct and the instrument and Structural Equation Modeling (SEM) are applied to test the research model.

4.2. Testing for mediation effect

Mediation is a causal chain in which a variable (X) influences a variable (M), and subsequently this variable (M) affects another variable (Y). In this case, variable M is called the “mediator” or the “mediating variable.” In, Table 1² path a, which is the relationship between X and M, is a direct effect. Similarly, path b, which is the relationship between M and Y, is also a direct effect. The relationship between X and Y through M (path c’) is the indirect effect. According to Little et al. (2007), each of three constructs (X, Y and M) must show evidence of a non-zero association with each other, and the relationship between X and Y must decrease when variable X appears as a mediator. To test a variable as a mediator, Baron and Kenny (1986) proposed a four-step method, described as follows:

Table 1. Four-step method

² Refer to Moslehpour, et al. (2017) for the table.

Step	Explanation	Visual depiction
1	Testing the direct effect of X on Y (without mediator M): path c	
2	Testing the direct effect of X on M: path a	
3	Testing the direct effect of M on Y: path b	
4	Testing the indirect effect of X on Y (through mediator M): path c'	

In all four steps the regression weight will be checked by regression analysis; step 1 to step 3 are the necessary conditions to test mediation. If any of these three relationships are non-significant, it can be concluded that there is no mediator in that relationship. If all relationships from step 1 to step 3 are significant and the relationship between M and Y (path b) in step 4 remains significant, there are some cases of mediation:

- Full mediation: if the indirect effect of X on Y in step 4 (path c') is not significant, it can be concluded that M is the full mediator or a perfect mediator.
- Partial mediation: if the indirect effect of X on Y in step 4 (path c') is less significant than the direct effect of X on Y in step 1 (path c), it can be concluded that M is a partial mediator.

5. Research Findings

5.1. Demographic Characteristics

Of the 400 questionnaires that were sent out, 379 responses (95.75%) were found to be useable. The respondents were grouped according to gender, age, occupation, monthly income, marital status and area distribution. The ratio of males to females was balanced, there being 186 male and 193 female usable respondents. The majority (43%) of respondents were in the age range from 23 to 30 years old, and 212 respondents (55.9%) had a bachelor's degree. The greatest response for occupation was that of employee (171 respondents, representing 45.1%). The greatest rate of monthly income was in the range from 6 – 10 million VND (33.5%). Finally, respondents participated in the research questionnaire are from all three areas of the country with the largest distribution being belonged to the Center

(48.8%), following by the north (29.6%), and the south (21.6%), respectively. The demographic information of participants is summarized in Table 2³.

5.2. Reliability and Validity Test

Factor analysis is a correlation-based technique that is used to find patterns in the correlations among variables. There are two categories of factor analysis: exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). EFA will help to determine which indicators cluster together in a consistent way and indicate that they are measuring the same thing (Vogt, 2007). EFA was conducted to identify the variables; PI (dependent variable), SQ, CE, PV (independent variables) and CS (mediating variable). Principal Components Analysis was used for the extraction method. The Varimax rotation method was used, which minimizes the number of variables that have high factor loadings on a factor. The items: SQ4, SQ5, CE4, CE5, PV4, PV5, CS1, CS3 and CS4, were found to have factor loadings smaller than .5, and so were eliminated from the data set. SPSS 20 was used to carry out factor loadings and obtain the results, which are shown in Table 3⁴, from which it can be seen that all factor loadings of items were greater than .50. This indicates that the model is appropriate to the data. In addition, Olkin Measure (KMO) and Bartlett's Test of Sphericity were applied. KMO and Bartlett's test play an important role in the acceptance of the sample adequacy. The KMO must be greater than .6 and Bartlett's Test of Sphericity must be less than .05 (Coakes et al., 2009; Moslehpour et al., 2014). In the current research, KMO was found to be greater than (.912) with a p-value = .000. These results show that our proposed model is appropriate to the sample of this research.

Reliability is the consistency of either measurement or design. In general, Cronbach's Alpha reliability coefficient is used to estimate reliability. If the value of Cronbach's Alpha is between .6 and .8, the instrument will be considered reliable, and if its value is greater than .8, it can be concluded that the instrument is highly reliable (Sekaran, 2000). In this research, Cronbach's Alpha reliability coefficients are shown in Table 3. All values of Cronbach's Alpha were acceptable, indicating that our proposed model is appropriate to the sample and the instrument of the model is reliable.

³ Refer to Moslehpour, et al. (2017) for the table.

⁴ Refer to Moslehpour, et al. (2017) for the table.

CFA was used to check whether there is any strong empirical support for the proposed theoretical structure. Two broad approaches were used to assess the measurement model validity: an examination of the goodness of fit indices and evaluation of the construct validity. Using path analysis, the overall measurement model fit statistics indicated a good level of fit. CMIN/ DF, which is also the Chi-square over degree of freedom ratio, was 1.215, so this measure is also acceptable, as was the GFI (goodness of fit index), which was .956 (Miles & Shevlin, 1998). According to Tabachnick and Fidell (2007), the AGFI (adjusted goodness of fit index) should be equal to or greater than .90 and in this research, AGFI = .940, so it was acceptable. The CFI (comparative fit index) and TLI (Tucker-Lewis index) were greater than .95, indicating a good fit (Hu & Bentler, 1999). The final measure was RMSEA (root mean square error of approximation). MacCallum et al., (1996) suggested that an RMSEA equal to or lower than .08 can be considered as a good fit. In the current research, the RMSEA was .024 and is considered to be a good fit. In short, the CFA results indicate an acceptable model fit for this study.

Convergent validity and discriminant validity are used to evaluate construct validity. Convergent validity refers to the extent to which two measures of the same concept are correlated. There are three measures to test convergent validity: factor loadings, Average Variance Extracted (AVE) and Composite Reliability (CR) (Anderson & Gerbing, 1988). Factor loadings are the first thing to look at in examining convergent validity. According to Hair et al. (2009), factor loadings should be .5 or higher and ideally .7 or higher. From employing path analysis, the factor loadings of this research became the Standardized Regression Weights, which are shown in Table 3. From this table it can be seen that all factor loadings are higher than .50; indicating that all the items are highly reliable. Composite Reliability (CR) and Average Variance Extracted (AVE) were also calculated. According to Fornell and Larcker (1981), a CR with a value higher than .60 is considered acceptable. As shown in Table 4⁵, all CR values range from .75 to .87. This indicates adequate internal consistency for our proposed model. The value of AVE should be .50 or greater to suggest adequate convergent validity (Fornell & Larcker, 1981). From Table 4, the AVE of each variable ranged from .50 to .58, indicating strong convergent validity for all the unobserved latent factors.

⁵ Refer to Moslehpour, et al. (2017) for the table.

Discriminant validity is the extent to which a construct is truly distinct from other constructs. To test discriminant validity the square root of each construct's AVE was compared with the correlation coefficients between each pair of latent variables (Fornell & Larcker, 1981). Table 5⁶ shows the discriminant validity of this measure. As a result, all of $\sqrt{AVE}/\text{Max correlation}$ are higher than .80, implying adequate discriminant validity for our proposed model (Alderfer, 1967).

Overall, the evidence of factor analysis, reliability, convergent validity and discriminant validity indicates that the proposed model was appropriate for testing the structural model which are used to examine if the mediator role of CS in the research model.

5.3. Testing for direct and indirect effect

CFA results indicate that all constructs of this research have strong reliability and good validity. Therefore, the next step is to test the structural equation modeling. In the current research, SQ, CE and PV are independent variables, CS is the hypothesized as a mediating variable and PI is a dependent variable. Thus, there are three causal chains in which CS plays a role as a mediator. Each causal chain is tested separately.

Causal chain 1 presents that CS is a mediator between SQ and PI. A four-step method was used. In the first step, after testing the direct effect of SQ on PI and SQ on CS, the results show that the relationship between SQ and PI was not statistically significant. Similarly, SQ does not show any influence on CS. Thus, it is concluded that there is no mediator in causal chain 1. In the other words, hypothesis 1, hypothesis 5, and hypothesis 8a are rejected.

Causal chain 2 indicates that CS is a mediator between CE and PI. Similarly, a four-step method was used, the results of which are shown in Table 7.⁷ In step 1, the linear regression between CE and PI was significant with a regression weight of .767 with p value < .001. The results in step 2 showed that the relationship between CE and CS was significant (regression weight was .897 with p value < .001). The effect of CS on PI in step 3 was also significant because the regression weight was .849 with p value < .001. As the first three steps in the four-step method held, the last step was tested. In step 4, the relationship between CS and PI remained significant (regression weight was .702 with p value < .001) and the indirect effect of CE on PI was not significant, so it could be concluded that CS fully mediated the effect of

⁶ Refer to Moslehpour, et al. (2017) for the table.

⁷ Refer to Moslehpour, et al. (2017) for the table.

CE on PI. This means that hypothesis 8b is supported. The second causal chain is also presented in Figure 2.

Table 7. Four-step method in the second causal chain

Step	Regression Weight	P	Visual depiction
1	.767	***	CE $\xrightarrow{.767^{***}}$ PI
2	.897	***	CE $\xrightarrow{.897^{***}}$ CS
3	.849	***	CS $\xrightarrow{.89^{***}}$ PI
4	.164	.165	

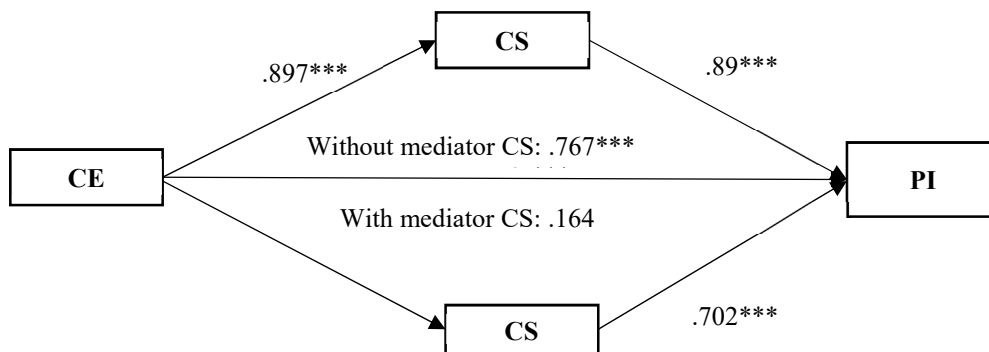


Figure 2. The second causal chain

Causal chain 3 shows that CS is a mediator between PV and PI. All four steps were tested and the results are shown in Table 7. In step 1, the linear regression between PV and PI was significant with a regression weight of .16 with p value < .01. The results in step 2 show that the relationship between PV and CS was significant (regression weight was .15 with p value < .05). The effect of CS on PI in step 3 was also considered to be significant as the regression weight was .89 with p value < .001. As all the first three steps in the four-step method held, the last step was tested. In step 4, the relationship between CS and PI remained significant (regression weight was .88 with p value < .001) and the indirect effect of PV on PI was not significant. It could therefore be concluded that CS fully mediated the effect of PV on PI. This means that hypothesis 8c is supported. The third causal chain is presented in

Figure 3.⁸ In sum, hypothesis 1, 5 and 8a are rejected because the path coefficients are very small and the p-value is not significant. The summary of the hypotheses results are exhibited in Table 8⁹.

5.4. Discussions

One of our study's main purposes is to investigate mediating roles of customer satisfaction in the relationship between purchase intention and its predictors (service quality, customer expectation, and perceived value). Our findings show some consistent results with the literature but some are different from the literature. To test our proposed model, eight hypotheses were proposed; among them, seven were used to test the direct influences of predictor variables on outcome variables and the one hypothesis was used to test the mediating role of customer satisfaction.

Hypothesis 1 states that the service quality of an airline has a significant positive influence on customer satisfaction. Different from the findings in the literature, our results indicated that this hypothesis was not supported. It is not surprised that our finding is inconsistent with previous research that has revealed a positive relationship between service quality and customer satisfaction (Mahamad & Ramayah, 2010, Jajae & Ahmad, 2012). The evidential lack of support for service quality having a direct bearing on customer satisfaction could be due to the fact that VietJet Air has been labeled as a low-cost carrier, and therefore high service quality is not expected. Low-cost carriers are expected to provide flight service at minimal cost and consequently eliminate many of the usual passenger services. Most of the passengers surveyed in this study were within the age range of less than 18 years old to 30 years old. These people simply want to get from one place to another in the safest, cheapest and fastest possible way. Thus, it is reasonable they do not care much about service quality.

Hypothesis 2, which is concerned with the direct positive effect of customer expectations on customer satisfaction, was supported. This is in agreement with the relevant literature in that most researchers have mentioned that expectations directly affect satisfaction (Reisig & Chandek, 2001, Del Bosque & Martin, 2008). Yeoh and Chan (2011) also confirmed that customer expectation is an antecedent of customer satisfaction. Thus customers experience a feeling of satisfaction when expectations are equal to, or greater than,

⁸ Refer to Moslehpour, et al. (2017) for the figure.

⁹ Refer to Moslehpour, et al. (2017) for the table.

the reality of receiving the product or service. Also, if the customers have low expectations of the product or service and yet receive more than their expectations, they feel satisfied. Because of the very low-price tickets, the passengers do not have high expectations about VietJet Air's service and thus they easily feel satisfied.

Hypothesis 3, which states that perceived value has a significant influence on customer satisfaction, was supported and thus customers' perceived value of VietJet Air had significant influence on customer satisfaction. This is consistent with previous findings that have demonstrated a positive relationship between perceived value and customer satisfaction (Cronin et al., 2000; McDougall & Levesque, 2000). According to Schiffman & Kanuk (2004), the primary goal of firms is to retain satisfied customers by continuously providing value, and providing it more effectively than their competitors. In this study, VietJet Air's passengers are satisfied when using the service preferring to pay less to buy an airline-ticket from VietJet Air than from other airlines.

Hypothesis 4 supposed that customer satisfaction has a significant influence on purchase intention, and this hypothesis was supported. According to Ooi et al. (2011) and Kim and Lee (2011), customer satisfaction is known to be one of the most important issues governing success in a competitive business environment, as it affects customer retention. As found by Han (2013), passenger satisfaction is a powerful determinant of purchase intention, but the service quality of VietJet Air is poor. However, VietJet Air still fulfills the demands of its passengers in that they want to get from one place to another as cheaply as possible. Thus, this will satisfy the passenger's concept of customer satisfaction. No doubt why the passengers will use VietJet Air's service repeatedly and recommend others to also use its service.

Hypothesis 5 tested the direct positive effect of service quality on purchase intention. Because the path coefficients were very small and the p-values were not significant, these hypotheses were not supported. These results are not consistent with previous research. Many researches have indicated that service quality is direct antecedents of behavioral intentions (Cronin et al., 2000; Petrick & Backman, 2002; Tam, 2000; McDougall & Levesque, 2000). The less-than optimal service and concomitant value is acceptable customers of low cost airlines and they will continue to purchase the services in the near future as a direct result of the low price. However, a low-cost airline company may not be sure that in the future competing airlines will provide promotions at a lower price. To counter balance this, low-cost airlines should, therefore, consider improving some aspects of their service, especially, in terms of minimizing flight delays and cancellations. The average flight delay rate within the

first five-months of the year 2013 was 1% with about one million passengers being affected. The reason why our finding is different from the previous research is that VietJet Air is expected to offer a low-cost carrier, and therefore customers do not expect high quality of service. Hypothesis 6, which was supported, stated that customer expectation has a significant influence on purchase intention. This finding is consistent with literature like Huang & Wu (2010) that customers' expectations directly affecting purchase intention. Hypothesis 7 investigated the relationship between perceived value and purchase intention. As a result, this hypothesis is accepted and this result is consistent with previous researches that proposed perceived value is direct antecedents of behavioral intentions (Cronin et al., 2000; Petrick & Backman, 2002; Tam, 2000; McDougall & Levesque, 2000).

Hypothesis 8 states that customer satisfaction mediates the relationship between the independent variables including service quality (H8a), customer expectation (H8b), and perceived value (H8c); and the dependent variable (purchase intention). The findings show that both H8b and H8c were supported, while H8a was not supported. Therefore, customer satisfaction can be seen to fully mediate the positive relationship between customer expectation and purchase intention. This means that the customer expectation of air passengers in VietJet Air has a statistically significant positive influence on customer satisfaction, which in turn may lead VietJet Air's passenger's intention to purchase the service. Purchase intention of air passengers could thus be explained through the pathway in which customer satisfaction plays the role of a mediating variable in the relationship between customer expectation and purchase intention. Similarly, customer satisfaction fully mediates the relationship between perceived value and purchase intention. Thus, the perceived value of air passengers in VietJet Air has a statistically significant influence on customer satisfaction and in turn, customer satisfaction may lead to intention to purchase the service. The purchase intention of air passengers could be explained through the pathway in which customer satisfaction plays an important role of a mediating variable in the positive relationship between perceived value and purchase intention. Meanwhile service quality did not influence purchase intention, so customer satisfaction was not the mediator between service quality and purchase intention.

6. Conclusions

The results emphasize the observation that VietJet Air's passengers will purchase the service, not due to its good quality but for the low price which, a priori, meets their expectations. Some findings of this research were supported by the previous literature while other findings were at variance. However, a strong relationship between customer expectation

and customer satisfaction was found, and customer satisfaction had a statistically significant influence on purchase intention. Furthermore, this research also found that customer satisfaction mediated the relationship between customer expectation, perceived value and purchase intention. In short, VietJet Air's passengers would purchase its service in the future if they feel happy when comparing the received performance of the service with the expected service performance. Based on these findings, this research might be a valuable assistance and guidance to the managers of VietJet Air by allowing them to be better informed about air passengers in Vietnam when they are considering their strategic marketing plans.

Research Limitations and Future Direction

Even though this research has drawn several theoretical and practical findings, we also examine some limitations of this research and give some recommendations for future research. The first, and also the most important aspect of this investigation is the sample. Because the sample for this research was just from three regions in Vietnam, it may not be representative. Therefore, for future investigations, it is recommended that research should be conducted with a sample more representative of the entire customer population in different cities in Vietnam. Moreover, VietJet Air launched its first international route between Ho Chi Minh City and Bangkok in February, 2013, so a future sample could be expanded to Thai customers who use VietJet Air's service. Secondly, current research suggests that the positive relationship between SQ, CE, PV and PI was mediated by CS. Thus, the link between SQ, CE and PI may be mediated not only by CS but also by other variables, such as word-of-mouth. The analysis of a mediation effect by other variables would give some further interesting results. Thirdly, this research used a quantitative method with closed-ended questions to investigate VietJet Air's purchase intention. Future work could use qualitative methods with open-ended questions, such as interviews, telephone surveys, and so on to collect accurate data.

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